

**SOUTH CAROLINA DEPARTMENT OF
TRANSPORTATION – MASS TRANSIT DIVISION**

COLUMBIA, SOUTH CAROLINA

STATE AUDITOR'S REPORT

JUNE 30, 2006

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State of South Carolina



Office of the State Auditor

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SPECIAL REVIEW

April 18, 2007

The Honorable Mark Sanford, Governor
and
Members of the Commission
South Carolina Department of Transportation
Columbia, South Carolina

We are required by Section 12-28-2725 of the 1976 South Carolina Code of Laws, as amended, to annually audit regional transit authorities receiving funds from the South Carolina Department of Transportation. To meet this requirement in the most efficient and economical way, knowing that each of the regional transit authorities is audited annually by independent Certified Public Accountants, we arranged for the South Carolina Department of Transportation's Mass Transit Division to perform the following procedures:

- Receive and review each authority's Single Audit or Financial Audit report for the fiscal year ending June 30, 2006.
- Follow-up and resolve with written documentation any findings of noncompliance or internal control weaknesses.
- Maintain a written summary of Single Audit or Financial Audit reports received and reviewed.
- Perform monitoring procedures as required by the Office of Management and Budget (OMB) Circular A-133.

We reviewed Department documentation demonstrating that the Mass Transit Division was performing reviews of the Single Audit reports, performing procedures to ensure time follow-up and resolution of findings reported in the Single Audit or Financial Audit reports of the regional transit authorities. We found no exceptions as a result of these procedures. However, we did note a finding with respect to the Division's performance of its monitoring procedures. See Accountant's Comment on next page.

A handwritten signature in black ink, appearing to read "Richard H. Gilbert, Jr.", written in a cursive style.

Richard H. Gilbert, Jr., CPA
Deputy State Auditor

ACCOUNTANT'S COMMENT

The Division's policies and procedures require annual on-site monitoring of mass transit authorities. We determined that the Division did not perform the procurement review section of the on-site monitoring for nine of the twenty transit authorities tested.

We recommend the Department take the necessary steps to ensure that the Mass Transit Authority Division adheres to its internal monitoring procedures.

MANAGEMENT'S RESPONSE



South Carolina
Department of Transportation

July 11, 2007

Mr. Richard H. Gilbert, Jr. CPA
State of South Carolina
Office of the State Auditor
1401 Main Street, Suite 1200
Columbia, South Carolina 29201

Dear Mr. Gilbert:

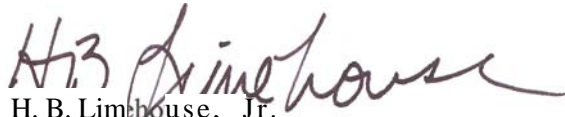
This is in response to your letter dated May 31, 2007, regarding the preliminary draft report resulting from your office review of the Mass Transit Division's procedures for monitoring the regional transit authorities for fiscal year ended June 30, 2006. This report noted that the Mass Transit Division performed the required single audit reports of its public transit providers and performed procedures to ensure time resolution of follow-up required with no exceptions. It further noted that the Division did have a finding with regards to its performance monitoring; you stated that the policies and procedures required annual monitoring of its providers to include procurement. Twenty transit authorities were reviewed and nine of those twenty tested did not receive a procurement review. In response to that finding, the South Carolina Department of Transportation (SCDOT) states the following:

MANAGEMENT RESPONSE

The SCDOT agrees with the accountant's comment. The SCDOT did not have personnel available in FY2006 to perform the procurement review segment of the Mass Transit Office on-site monitoring procedures after the retirement of the individual assigned to this function. This staffing issue was addressed by outsourcing the on-site review process for FY2007. Transit providers not receiving a procurement review during FY2006 were reviewed first during FY2007 under a new on-site review program.

Thank you for your assistance during this review process. I hereby authorize the release of the South Carolina Department of Transportation Mass Transit Division State Auditor's Report dated June 20, 2006. If you need additional information or further assistance, please contact Mr. Glennith Johnson, Division Director of Mass Transit.

Sincerely,


H. B. Limbouse, Jr.
Chief Administrative Officer

HBL/klb

Enclosures 1: List of SCDOT Commissioners

2: CD

cc: Glennith C. Johnson, Division Director of Mass Transit

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